Cyswllt Amgylchedd Cymru | Wales Environment Link

Consultation response: Welsh Government Draft Budget 2023-24

January 2023

Introduction

As the Welsh Government set out a very welcome multi-year budget last year, the Draft Budget for 2023-24 is much as expected. The fiscal resource for the Climate Change MEG (Main Expenditure Group) – the one with most relevance to WEL's work focused on nature and biodiversity – is £948m and its capital is £1.657bn.

Focus on budget lines with the most impact on biodiversity

Changes in specific BELs (Budget Expenditure Lines), relevant to nature

Budget Expenditure Line	Final BEL as of March 2022	Proposed BEL for 2023 Budget
Environment legislation, governance and comms	£181,000	£181,000
Environment protection	£5,450,000	£6,200,000
Climate change action	£3,486,000	£4,486,000
Flood risk management and Water Policy Delivery	£38,130,000	£43,840,000
Enabling natural resources	£4,388,000	£3,008,000
Biodiversity, Evidence and Plant Health	£11,125,000	£11,225,000
Forestry	£5,221,000	£8,121,000
Local Places for Nature	£2,500,000	£3,400,000
Environment Act Implementation	£791,000	£791,000
Natural Resources Wales	£60,164,000	£60,164,000
Natural Resources Wales - Non cash	£10,000,000	£10,000,000
Enviro management – Pwllpeiran Research Centre (non-cash)	£38,000	£38,000
Resource Efficiency and Circular Economy	£36,816,000	£35,241,000

Landscape & Outdoor Recreation	£12,416,000	£12,116,000
Marine Policy, Evidence and Funding	£1,911,000	£1,911,000
Marine energy	£4,000,000	£7,000,000
Rural Affairs (Revenue for whole MEG)	£355,962,000	£410,034,000

Environmental Governance

The 'Environment protection' BEL is anticipated to rise again to £6,650,000 for 2024-25; we wonder whether this reflects the Welsh Government's plans to introduce environmental governance legislation and to properly establish an independent governance body before the end of this Senedd term in 2026. It would be very welcome if it was and hopefully demonstrates the likelihood of this legislation coming to fruition soon. WEL has been calling for this repeatedly, most recently in a joint open letter with Greener UK and Healthy Air Cymru. We notice there is £181k set aside for 'Environment Legislation, Governance and Communications', and we hope this is for setting up or a fully equipped governance body. We are very lacking in protection whilst we have an Assessor with only advisory functions, and no investigative powers of her own; as RSPB set out, "it is not anything equivalent to having access to environmental justice. It is not a route to accountability for someone who has not fulfilled their statutory duties". Until previous European roles are replaced with an equivalent, we have to rely on Judicial Review – an expensive and difficult to access process for many – to challenge compliance with environmental law. We would welcome clarity on what these BELs are used for and any estimated costs for a fully operating future governance body.

Nature targets

During COP 15, we were pleased to see the Climate Change Minister in attendance and positive commitments made. The Minister re-asserted the Welsh Government's commitment to establish legally binding nature recovery targets, alongside robust independent governance arrangements, in her statement to the Senedd on 10th January. WEL is still urgently calling for a clear commitment to bring this bill forward in the legislative programme for the next (2023-24) 12 months. Ministers have expressed their intention to set statutory nature targets in Welsh law, in line with international agreements. Targets are important for accountability and we hope that this will give biodiversity true political parity with climate change, ensuring

consideration across Welsh Government departments and budgets, in the way carbon emissions have focused minds on clear time-based targets.

Marine funding

Although we make this point frequently, it bears repeating as we still haven't seen any improvements in marine; our oceans are not given enough budget, oversight or political priority in terms of their restoration. Particularly in light of the Biodiversity Deep Dive's recommendations, to "implement a spatial approach to marine planning identifying the ecological constraints and opportunities for different marine activities including renewables. To include publishing spatial guidance and using the review of the WNMP to consider introducing spatial planning policies to assist planners, developers and decision makers." In order to deliver this, the Marine & Fisheries Division will need more capacity and resource, as well as local officers on the ground.

As the Welsh Government has also finally commenced the Marine Conservation Zone process, we hope this will be the start of more attention given to our seas, and that renewable energy developments can be delivered in harmony with wildlife. A spatial approach is key to this but we doubt this can be done properly with only the small resource that Division usually has. It's also concerning to see the contrast between budget lines of 'Marine Policy, Evidence and Funding' to be around £1.9m, with 'Marine energy' set at £4m last year and £7m for next year. Evidence is even more important if Welsh Government are planning to accelerate renewable deployments in the offshore area.

We also question where the funding sits for delivering the UK Fisheries Act in terms of ensuring Wales is working towards achieving the eight new objectives, such as delivering sustainable fisheries and aquaculture, tackling climate change, as well as embedding ecosystem-based approach (as set in both the Fisheries Act and the Senedd's Environment (Wales) Act form 2016). There appears to be no increase in funding, despite aspirations for growth of Welsh aquaculture. As the previous term's Climate Change, Environment and Rural Affairs Committee noted in their report, the Bill "introduces a significant amount of additional outputs and responsibilities in relation to fisheries for the Welsh Government and its Marine and Fisheries Division" and echoed repeated concerns regarding the "capacity of this Division, including in relation to the Marine Conservation Branch". They referred to the Permanent Secretary informing them that this team is at half capacity. This report on the LCM

was from May 2020 and we'd appreciate an update on if capacity issues have changed in the following years.

Landscape and outdoor recreation

We note that this budget line, responsible for recreational access and support for National Parks and AONBs, has been cut by 2.5% at £300k. We're glad that the capital portion remains the same, so the Access Improvement Grant is unaffected, but it's concerning that the overall budget will be reduced and we question where the savings will come from, particularly as the Welsh Government has committed to creating a new National Park in north-east Wales (which will need to be designated by Natural Resources Wales but presumably will involve Welsh Government capacity too). We welcome the Welsh Government's commitment to supporting designated landscapes to develop prioritised action plans for nature as part of the biodiversity deep dive recommendations, but if these areas are to play their full potential role in achieving the '30x30' goal, then it's essential they have the resources necessary for delivering those plans.

Rural Affairs

The Rural Affairs MEG has increased from £355m in resource in March 2022's Final Budget to a proposed £418.9m for the 2023 Draft Budget. We presume this is due to the Agriculture Bill and preparatory work for the Sustainable Farming Scheme (SFS). We believe this work is a crucial part of tackling the nature emergency, as the way we manage and incentive practices on our land is a game changer for biodiversity. We very much welcome this increase and the indicated £440.9m for the 2024-2025 budget. It seems a lot of the increase is in the BEL for the 'Rural Economic and Sustainability Programme', going from £6.8m to £79.2m.

The SFS is expected to be implemented in 2025 and we would again urge for as much pilot work as possible, i.e. 'pilot farms', showcasing and demonstrating new ways of managing land that attracts the most funding from the Welsh Government's new schemes to help ease the sector into the transition.

Nature-based Solutions

WEL members have commissioned a report on the investment needed for key nature recovery actions, which we hope to publish in early 2023. We have previewed some highlights in this blog post, emphasising the need for investment in nature-based solutions like restoring our habitats via hedgerows, native woods, grasslands and

peatlands; recovering important habitats at sea like saltmarsh, seaweed and seagrass meadows; expanding the Celtic Rainforest; and increasing our protected areas. We have costed up these important interventions and, whilst some small steps are being made towards these areas, we urgently need to prioritise recovering nature before it's too late. These can be spread across BELs, with for example, many interventions – including saltmarsh, forestry and peatlands – contributing to flood risk management so could come under there, and depending on how these are deployed, (e.g. by NRW or third party organisations) can potentially be match funded with other sources of funding.

We presume that the increase in forestry budgeting is for the National Forest for Wales and welcome more emphasis to be put on the regeneration of woodland, and tree planting, with the right tree in the right place

This should be matched with a focus on green skills and jobs, and we were very pleased to see the Welsh Government providing some development funding for a National Nature Service to increase our collective workforce capacity and expertise for the environment. We hope in the coming financial year, the Welsh Government will confirm funding for a demonstrator project.

Catchment Partnerships

Catchment partnerships and other collaborative land management initiatives are a key mechanism for delivering a range of the Welsh Government's priority objectives including flood and water resource management, carbon store protection, peatland and woodland restoration, nature recovery and tree cover expansion. They are intrinsically multi-purpose. We would welcome clarity on where budget provision sits, as narrowly purposed departmental budgets are a significant barrier to effective delivery of collaborative land management.

Natural Resources Wales (NRW)

The NRW budget is flat, which – with current rates of inflation – equates to a real terms cut. We appreciate that there are factors out of the Welsh Government's control but need to highlight that everyone's costs will increase whilst dealing with the same budget. We hope this will not affect their ability to help with dealing with the biodiversity and climate crises and would like the Committee to ask them how they anticipate dealing with the same budget, year after year. We would also stress

that the biodiversity deep dive committed to providing adequate funding to NRW for protected sites management, monitoring and designation in the immediate term.

This is a real concern regarding compliance monitoring of the new Sustainable Farming Scheme (SFS). We are aware there is already a severe lack of monitoring in the land use sector. For SFS and minimum standards to work for the monitoring of biodiversity, NRW need to be confident in undertaking it effectively. One way of increasing their funds to do this properly would be to licence agricultural activity via a fee system which then goes directly towards monitoring costs. NRW recently consulted on their regulatory services charges, which WEL responded to, highlighting our concerns that their proposals appeared to be solely based on inflation, rather than "*an assessment of the amount of effort required for regulatory activities in each regime."* We highlighted that "*the Regulators Code requires that regulators should base their regulatory activities on risk, with risk assessment frameworks in place to target their efforts."* We believe that with too little monitoring and compliance assessments taking place, this results in "*non-compliance and little incentive to invest in measures required to ensure compliance, thus increasing the risks to the environment. An effective regulatory inspection regime also helps to provide a level playing field where well managed businesses are not undercut by poor operators in the same sector, and encourage innovation."*

NRW have highlighted that, for business compliance assessments, "*the poorest performing sites are charged up to three times the fees for a comparable good performing site. This reflects the amount of effort we have to put into addressing their poor performance*." Currently this compliance rating adjustment only applies to EPR installations and waste operations and WEL believes this approach should be extended to water activities and Intensive Pig and Poultry permits, to ensure NRW is able to take a risk based approach and undertake greater compliance checking on sites in these regimes which have a poor record.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.

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